

Financial Results for the First Quarter of the Fiscal Year Ended March 31, 2015: Reference

Analysis of Business Performance

1. Overview of Financial Results for the First Quarter of the Fiscal Year Ended March 31, 2015

(1) Overview of Consolidated Business Results

In the first quarter of the current fiscal year (from April 1 to June 30, 2014), reimbursement price cut occurred and consumption taxes were hiked in Japan. In addition, while "Japan Revitalization Strategy" positions healthcare as one of the important industries, "Act to Advance Health and Medical Strategy," "Act on Japan Medical Research and Development Machinery," etc. were enacted and laws were prepared one after another. In June, revised 2014 "Japan Revitalization Strategy" was decided by the cabinet office and measures for deregulation including Special or Specified Medical Coverage System (so-called "treatment partially covered by insurance") were taken. It is expected that these measures will have influence on the market. Under such circumstances, the Terumo group is presently carrying out our mid-term management plan with the goal of "becoming a company with a global presence." Major achievements of each business segment were as follows:

- In the Cardiac & Vascular Company, Terumo expanded businesses of PTCA dilation catheter (Hiryu Plus) and neurovascular products in Japan. Outside Japan, mainly in North America, sales of products related to transradial coronary intervention (TRI), an interventional treatment for approaching the coronary artery from the blood vessels in the wrist, were steadily expanded. In June, Terumo launched the new drug eluting stent (Ultimaster) in Europe.

- In the General Hospital Company, while needs for medical safety, Terumo expanded the lineup of "Chemoshield" system, a closed infusion system for chemotherapy drugs to be used for measures to prevent exposure to drugs including anticancer drugs. Regarding production, Terumo promoted manufacturing transfer to overseas to improve profitability.

- In the Blood Management Company, while market conditions continued to be difficult, therapeutic apheresis sales were expanded. In addition, demand for blood transfusion was high in emerging countries in Central and South America, and Asia. This helped Terumo to continue to record robust sales of whole blood collection related products and blood component collection system products.

In line with company-led management, "Cardiac & Vascular Business," "General Hospital Business" and "Blood Management Business" changed their names to "Cardiac & Vascular Company," "General Hospital Company" and "Blood Management Company", respectively, from the first quarter of the fiscal year ended March 31, 2015. In addition, this change in the said segment name does not influence segment information.

Financial results for the first quarter of the fiscal year ended March 31, 2015 are as follows:

Net Sales

Compared with the same period of the previous fiscal year, net sales increased 3.5% to 114.9 billion yen.

In Japan, net sales decreased 5.0% to 43.4 billion yen year on year due to the impact of reimbursement price cut in the Cardiac & Vascular Company and General Hospital Company. Outside Japan, on the other hand, net sales increased 9.4% to 71.5 billion yen thanks to the growth of Blood Management Company in emerging countries and weak yen in addition to continued robust sales of interventional systems mainly in North America.

Gross profit

Gross profits totaled 60.7 billion yen, an increase of 6.5% year on year thanks to robust sales of highly valued-added products both in Japan and outside Japan and improvement in productivity despite of the impact of reimbursement price cut in Japan.

Operating Income

Despite increase in SG&A expenses, operating income jumped 20.9% year on year to 16.1 billion yen thanks to expansion in sales of highly profitable products and increase in gross profit on the back of improvement in productivity.

Ordinary Income

Ordinary income totaled 14.4 billion yen, up 11.7% year on year on the back of increase in operating income.

Quarterly Net Income

Quarterly net income decreased 6.3% year on year to 8.4 billion yen.

Net sales results by Company are as follows:

Please note that the adjustments in the period of the first quarter consolidated sales results of the previous fiscal year are the sales related to home oxygen system and home infusion pump business sold off in the fiscal year ended March 31, 2013 and next generation implantable left ventricular assist system entered in strategic alliance in the fiscal year ended March 31, 2014.

Cardiac & Vascular Company

In Japan, Terumo enjoyed good sales of new products of neurovascular intervention business which the company began to sell in the previous fiscal year but sales decreased due to the impact of reimbursement price cut. Outside Japan, interventional systems sales were robust mainly in Europe and the USA and neurovascular intervention business expanded largely in each region. As a result, sales of Cardiac & Vascular Company increased 8.8% year on year to 54.5 billion yen.

General Hospital Company

In Japan, sales decreased 5.8% year on year due to reimbursement price cut and recoil reduction in demand in blood glucose monitoring systems, etc. following consumption tax increase. Outside Japan, on the other hand, Terumo expanded sales mainly for General Hospital Products in Europe and Asia, contributing to increase in sales. As a result, sales of General Hospital Company decreased 3.7% year on year to 38.0 billion yen.

Blood Management Company

In Japan, sales decreased due to temporary demand adjustment accompanied by IT system change of a customer. Outside Japan, sales were robust in therapeutic apheresis in Europe and the USA and in each product group in emerging countries. As a result, sales of Blood Management Company increased 4.1% year on year to 22.4 billion yen.

(2) Overview of Consolidated Balance Sheets

Assets

As of June 30, 2014, the total assets amounted to 812.7 billion yen, down 20.2 billion yen compared to March 31, 2014. Of this amount, current assets decreased 15.1 billion yen to 295.9 billion yen, primarily due to decrease in cash and deposit and the influence of the fluctuation of exchange rates. Noncurrent assets decreased 5.5 billion yen to 514.9 billion yen. The tangible fixed assets increased 2.1 billion yen, the intangible fixed assets decreased 8.9 billion yen and investment and any other assets were up 1.3 billion yen.

Total Liabilities

Total liabilities decreased 20.6 billion yen to 315.9 billion yen. Of this amount, the current liabilities amounted to 139.5 billion yen, decrease of 21.5 billion yen due to decrease, etc. in the payment of unpaid corporate taxes, etc. Noncurrent liabilities totaled 176.5 billion yen, up 0.8 billion yen, primarily due to increase, etc. in long-term debt.

Net assets

Net assets totaled 496.7 billion yen, an increase of 0.5 billion yen.

Consequently, the share holders' equity ratio was 61.1%, up 1.5 percentage points compared to March 31, 2014.

(2) Forecast of Consolidated Financial Results for the Fiscal Year Ended March, 2015

Terumo's operating environment continues to be uncertain due to changing conditions surrounding the medical device market and other factors. However, the company made no revisions to its consolidated financial forecasts for the current fiscal year. Amidst challenging business conditions, the Terumo Group is working to achieve its targets by launching high-value-added products that improve medical cost efficiency, as well as implementing measures to reduce manufacturing costs, and strictly and efficiently managing SG&A expenses.

This English translation has been prepared for general reference purposes. The Company is not responsible for any

consequence resulting from the use of the English translation in place of the original Japanese text. In any legal matter, readers should refer to and rely upon the original Japanese text of the tanshin (Financial Results) dated as of August 6, 2014.